494

Only two major institutions operate in the rural areas: the Philippine National Bank and the Rehabilitation Finance Corporation (RFC). The Philippine National Bank has a branch office in Dumaguete City; the only bank in the city in 1951.

452
655

In Siaton, as is usual, the municipal treasurer is the sub-agent of the Dumaguete branch of the Philippine National Bank. To him the people come to arrange for loans. Although they could go to the city branch, they must have certain statements regarding their security from the municipal treasurer. The borrower pays 10 per cent interest; 4 per cent goes to the municipal treasurer as his personal profit and 6 per cent to the bank. If a Torrens title to the land is not available, then a tax receipt will be accepted if free from any adverse claim for ten years. In Siaton when land is offered as security, without a Torrens title, all adjoining landowners must sign an affidavit that the borrower is the undisputed owner. Since the Philippine National Bank operates on a commercial banking basis it is quite difficult to obtain agricultural loans. Only in rare cases can a tenant qualify for a loan since he normally lacks the required security. Movable property is not accepted as security by the government-controlled Philippine National Bank.

452
655
426

The Rehabilitation Finance Corporation was established by the government in 1947. One major purpose of the RFC was "to provide long term credit for the rehabilitation and development of agriculture and industry." For

452
655
426

a RFC loan a Torrens title for land is required. If a Torrens title is not available, then either a Torrens title to urban land of equal value or a pre-1894 Spanish title to the land for which the loan is requested is required; the interest on the loan is 6 per cent per annum.

There are no branches of the RFC in Negros; for the people of Negros Oriental the nearest branches are in Cebu City or Iloilo City. Between January 2, 1947 and September 30, 1951, fifty-six RFC agricultural loans were made in Negros Oriental, totaling $335,285; none were made to residents of Siaton municipality. For the same period agricultural loans in Negros Occidental totaled $6,835,077. Both sets of loans were mainly for rehabilitation of Negros' sugar industry. Of the twelve Visayan provinces, Negros Occidental received the largest amount of money (1947-1951) from the RFC; Negros Oriental was sixth.[24]

452
426

Due to the stringent requirements of the Philippine National Bank and the RFC for agricultural loans the average farmer is forced to obtain agricultural credit from landlord, from private money lenders, local merchants, rice millers and other buyers of farm products. These loans often are made and repaid in kind. A farmer may obtain credit from a local merchant and later sell his palay to this merchant, who deducts the amount owed.

---

[24] Ibid., p. 49.

452
426

In Siaton the Chinese merchants loan rice or corn to the barriofolk before the harvest and the borrower is required to return twice the quantity borrowed. In the Philippines "interest paid by tenants on borrowed money is grossly onerous. Annual rates of 100 per cent are common and rates of 200 per cent and even higher are not unusual."[25]

Between 1907-1947 there were in the Philippines eleven attempts to establish agricultural credit facilities, cooperative credit or marketing organizations, special government corporations, or government-sponsored banking institutions. Of these eleven only two were successful, the RFC and the Philippine National Bank. There are a number of reasons for this dismal picture of agricultural credit. First, insufficient inducements were offered to encourage private investors to organize rural banks. Second, the cooperatives failed for lack of loaning capital, bad management, or non-support by their members. Third, none of the institutions established credit facilities available to the barriofolk who have to pay usurious interest rates to the private non-registered lenders. This includes the Philippine National Bank and the RFC. Fourth, these agencies approached agricultural credit problems with commercial banking procedures.

The need for agricultural credit has increased considerably since 1945. In many cases the farmer is worse off today than before the war because of the

---

[25]Hardie, op. cit., p. v.

disparity between the prices he receives for the products produced and the goods he must purchase. There also are the lower level of agricultural production, and the war destruction of equipment and buildings. Most farmers were unable to liquidate their debts during the inflationary period which followed the war; many fell deeper into debt.

Siaton's municipal treasurer has been assigned the municipality for six years (1946-1951). During this period only twenty loans were arranged through the Philippine National Bank; the largest was $500 to one of the local government officials. The average loan was about $100 and 75 per cent were made to poblacion residents; other loans were made to residents of Malabuhan, Bonawon, and Giliga-on. All loans were for agricultural purposes.

During the "starvation months" some Caticugan barriofolk are forced to borrow money or supplies in order to live. As one woman said: "We live between one harvest and another on the supplies the Chinese advance us." Other occasions for borrowing are a death or wedding. For example, one man in Catiougan borrowed money from his elder brother's wife for the bride-price when his youngest son married. Fiestas also are occasions for borrowing. Not all "agricultural" loans are for agriculture. Sometimes parents borrow money to support a son or daughter in school in Dumaguete although the loan is said to be for

"agricultural purposes." Some of the sari-sari stores in the poblacion permit individuals to have "charge accounts" without charging interest. For the most part, however, these are residents of the poblacion--often government employees--and their accounts run between monthly pay-checks.

452 426

One common method of borrowing money is called arendo. There are two types of arendo. First, the borrower permits the lender to cultivate the field offered as security for the loan for a stated period; the harvest belongs to the lender who farms it. When the set period of arendo is over, the loan is considered repaid by the harvests and the field reverts to the original owner; there is no interest on the loan. For example, a caingin farmer in Pinac-an loaned thirty-five dollars to the owner of a 1.7 acre field in Barrio Cesticugan. The owner ran a sari-sari store in Tanjay poblacion. The lender was to farm the land, receiving all crops until the loan was repaid. The Pinac-an farmer had been cultivating this field for several years for the owner never had made any payments on his loan.

426

In the second type of arendo the lender loans money and the interest rate is one-third of the harvest of the field offered as security. If the lender furnishes the borrower with seeds and the latter cultivates the field, the harvest division is 50-50; the owner becomes a tenant on his own land. When the loan is paid, the harvest shares are considered as interest. One man in Naga had

426

two fields under arendo. One field he cultivated, giving the lender one-third of the harvest as interest on his loan. The lender cultivated the other field himself under the first type of arendo.

Usually the lender will obtain a receipt for the loan and a description of the field offered as security. One woman said she also had witnesses whose fields bordered on the borrower's land. The land records in the municipio are not changed. The period of arendo depends upon the amount of money loaned, size and fertility of the field, and the time the borrower takes to repay the loan. In one case a paddy of about four-fifths of an acre was under arendo for one year for a five dollar loan. The lender cultivated the paddy for one year and retained the harvest; after the harvest the paddy reverted to its owner. Cornfields were said to bring less money than paddies.

Coconuts are also put under arendo, and the lender receives all the coconuts for the stated period of the loan. When this period is over the grove is returned to the borrower-owner and the debt is considered paid. Sometimes a person may borrow money, paying as interest part of his coconut crop. Being unable to repay the principal the field is placed under arendo to the lender until the loan is repaid. The lender may also state that if the principal is not repaid on a set date, the coconut grove (or trees) will be sold to meet the borrower's obligation.

426

By putting the field under arendo the owner is able to forestall its sale.

Sometimes land slowly passes out of the hands of barriofolk who need money, often due to emergencies. One man who mortgaged his field was unable to repay the principal so he put the field under arendo to his creditor, receiving no share of the harvest. When the arendo period was over, he needed more money. He put a second mortgage on the field to the original creditor and finally sold him the land. Generally speaking, arendo did not appear to be widespread in Caticugan. However, this is not the easiest type of information to collect.

Some barriofolk loan small sums of money under a verbal agreement; the interest rate usually is 10 per cent. There are also loans in kind, repaid in kind. One woman in Naga frequently loaned money and received the assistance of the barrio school-teacher in drawing up the receipt since she was illiterate. The two persons most active in loaning money in Naga were women.

426
452
511

Credit sources in Caticugan were meager and the barriofolk usually lacked the security for loans that would enable them to receive assistance without resorting to usurious sources. Most barriofolk were badly in need of sources of credit for subsistence loans and production requirements (fertilizer, seed, etc.), and the benefits of cooperatives. If such sources of credit had been available, they might have reached a higher standard of living.

Twine nets are repaired with a bamboo shuttle-like device called sikhohan; sikhohan are made in several different sizes. (See Plate L.)[1] In repairing twine nets all loose or "false" threads are cut; "false" threads are those that if unravelled sufficiently are not fixed to an untorn part of the net. New twine is woven into the holes with the sikhohan. Net mending is a man's job, "especially if we cannot go to the sea"; women rarely mend nets.

227
286
[426]

Bobo Fish Traps

The bobo, a bamboo fish trap, is widely used in Siaton for obtaining pelagic fish; the trap is distributed throughout the Philippines. Victoria has written of the bobo of Cebu. He states that its fishermen bait the bobo;[68] however, Siaton bobos are not baited. Kangleon reported that Leyte fishermen put bobos in water as deep as 180 feet where they may stay for 3 months.

226
[171]
322

[68] De la Victoria, op. cit., p. 46. Umali calls the bobo "a fish pot" and writes that recently they have been made of chicken wire. Umali, op. cit., p. 106.

[1] [this plate is missing -- Analyst]

51:Hart E-3 (1950-1952)1954 OA1 Philippines
Central Bisayan OA14

574
181 Third, the fiesta is an economic investment. One's guests will, in the future, be one's hosts during their fiesta. In fact, this is one of several reasons given for organizing new *barrio* fiestas in southern Negros. The people felt ashamed to attend fiestas in neighboring communities without having a fiesta of their own when they could reciprocate enjoyed hospitality. In the long run, the bread thrown on the water returns. In some cases doubled. From this point of view the fiesta may not be as wasteful as many Filipinos believe.

796
181 *Fourth*, the fiesta serves a religious function, particularly in the *barrios* distant from the *poblacion* church. The fiesta is often the only time in the year the priest visits the local chapel and holds mass in the community for the barriofolk. Sometimes combining a baptismal or wedding celebration with the fiesta serves to reduce the family expenses by making a normal entertainment unnecessary by coordination with the fiesta. *Fifth*, the fiesta re-inforces the people's feeling of solidarity within the *barrio* or *poblacion*, although sometimes the event may enhance competitiveness between different communities. Most Filipinos take great pride in their *barrio* or *poblacion* fiesta. *Sixth*, the *barrio* and *poblacion* fiesta often reunite, for the only time of the year, members of the immediate families. The ideal pattern is for one always to return to one's home fiesta. It is not at all uncommon to meet relatives from Siquijor, Cebu, Panay, Leyte, or even more distant places, at Negros Oriental fiestas.

621
181

602
181

796
794
181 *Seventh*, the fiesta furnishes the church with a sizeable annual income. The money collected for baptisms, masses, and the church's participation in the various religious activities of the fiestas is an important aspect of the financial support of the church by the people. The fiesta often renews the authority of the church in more isolated areas where this authority and responsibility lies dormant for most of the year. *Eight*, the fiesta in the larger *barrio* and *poblacion* is a commercial stimulant to the economic life of the community. Prices are often raised, purchases of food and clothing more frequent and larger than normal. The fiesta creates new wants and needs which do not exist during most of the year.

435
181

426
181 *Ninth*, the fiesta is a means by which the indebtedness of many families is increased, by borrowing money to entertain their guests properly. Some families may mortgage their land for "agricultural" loans and others sell farmyard animals to raise a little cash for the fiesta. However, the waste may not be as great as imagined by many Filipinos. One's guests may next month be one's hosts. The fiesta also stimulates many people to work harder, and for others it is an oppotunity to augment the pitifully small family cash income by selling food and drink. *Tenth*, in the larger *barrio*